

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Friday, December 11, 2009 at the hour of 10:00 A.M., at John H. Stroger, Jr. Hospital of Cook County, 1901 W. Harrison Street, in the fifth floor conference room, Chicago, Illinois.

## **I. Attendance/Call to Order**

Chairman Muñoz called the meeting to order.

Present: Chairman Luis Muñoz, MD, MPH and Director Benn Greenspan, PhD, MPH, FACHE (2)  
Board Chairman Warren L. Batts (Ex-Officio) and Director Quin R. Golden

Absent: Director Heather O'Donnell, JD, LLM (1)

Additional attendees and/or presenters were:

Michael Ayres  
Cathy Bodnar  
William T. Foley  
Tracy Guidry  
Patrick Hagan

Tim Heinrich  
Randolph Johnston  
Pat Kitchen  
Elizabeth Reidy  
Deborah Santana

Thomas Schroeder  
Anthony J. Tedeschi, MD, MPH,  
MBA

## **II. Public Speakers**

Chairman Muñoz asked the Secretary to call upon the registered speakers.

The Secretary called upon the following registered speaker:

1. George Blakemore      Concerned Citizen

## **III. Report from System Corporate Compliance Officer**

Cathy Bodner, System Corporate Compliance Officer, presented a report (Attachment #1) that included information on the following: status report of 4<sup>th</sup> quarter activity, revisiting the elements of a compliance program, general and specialty compliance – education and training activity, and activity on additional elements.

During the discussion of education and training, Ms. Bodner noted that one important element that she found was missing is the compliance attestation. The attestation states that the individual will take the responsibility for completing the training, and attests that they will conform to the System's standards of conduct. That will be completed now with new employee orientations, and also with annual orientations. She added that, in the future, this will be tracked electronically.

On the subject of attestation, Director Greenspan inquired regarding the penalties for non-compliance. Ms. Bodnar responded that penalties have not yet been determined; discussions must be held with the Department of Human Resources on the subject.

In response to a question from Chairman Muñoz regarding electronic programs for corporate compliance training and tracking, Ms. Bodnar responded that she expects to bring in that resource in May 2010. This resource will do the training, attestation and tracking electronically.

Director Greenspan referenced a subject that was recently discussed in the Finance Committee. This was regarding the System's requirement, as set forth in the Procurement Policy, which directs the Purchasing Department to track ex parte communications. Further discussion took place regarding standards of conduct, future activities and areas to address.

#### **IV. Report from System Director of Internal Audit**

##### **A. Building an Internal Audit Function**

Thomas Schroeder, System Director of Internal Audit, presented a report on building an internal audit function (Attachment #2). The Committee reviewed and discussed the information.

Chairman Muñoz inquired regarding the estimated date of completion for the internal audit charter. Mr. Schroeder responded that he has drafted an internal audit charter; once the Audit and Compliance Committee charter is approved, the approval of the internal audit charter will follow.

The Committee briefly discussed the 2010 budget for Internal Audit. Mr. Schroeder provided information on the subject. Chairman Muñoz noted that a discussion should be held on the subject at the next Audit and Compliance Committee meeting, in order to ensure that there is budgetary support to be able to meet the expectations and goals set for 2010.

#### **V. Recommendations, Discussion/Information Items**

##### **A. Minutes of the Audit and Compliance Committee Meeting, October 13, 2009, recessed and reconvened October 15, 2009**

Director Greenspan, seconded by Chairman Muñoz, moved to accept the minutes of the Audit and Compliance Committee Meeting of October 13, 2009, recessed and reconvened October 15, 2009. THE MOTION CARRIED UNANIMOUSLY.

##### **B. Proposed Charter for the Audit and Compliance Committee of the CCHHS Board of Directors**

Ms. Bodnar and Mr. Schroeder introduced the draft charter to the Committee. Ms. Bodnar proposed that the members review this document and provide input, so that a final document can be presented for approval at the next Committee meeting.

Director Greenspan made a suggestion for the Purpose section. Rather than limiting it to the financial integrity and controls system of financial reporting, there should be a statement in the Purpose section stating that the System's goal is to establish an environment of integrity.

##### **C. Proposed System Corporate Compliance Program's mission and vision statement**

Ms. Bodnar introduced the draft System Corporate Compliance Program's mission and vision statement. After discussion, Chairman Muñoz stated that the members should review this document and provide input, so that a final document can be presented for approval at the next Committee meeting. Ms. Bodnar noted that this draft includes input received from the ad hoc Work Group on Corporate Compliance.

Director Greenspan stated that there is a perception of self-interest at many levels, rather than of public interest; one of the tasks of the Board is to overcome that perception. Therefore, there should be a positive statement included which states, for example, that the purpose of the Compliance Program is to support the mission of the System, and to establish the public's interest as primary.

**V. Recommendations, Discussion/Information Items (continued)**

**D. Update from ad hoc Corporate Compliance Work Group**

**i. Proposed Charter of Ad Hoc Work Group on Corporate Compliance**

Ms. Bodnar presented the proposed charter (Attachment #3) of the ad hoc Work Group on Corporate Compliance, on behalf of Dr. Carolyn Lopez, who was unable to attend the meeting. The Committee reviewed and discussed the proposed charter.

Director Greenspan, seconded by Chairman Muñoz, moved the approval of the proposed Charter of the ad hoc Work Group on Corporate Compliance. THE MOTION CARRIED UNANIMOUSLY.

**E. Update from RSM McGladrey on status of internal audits**

Pat Kitchen and Tim Heinrich, of RSM McGladrey, presented an update on the status of the internal audits (Attachment #4). The Committee reviewed and discussed the information.

Chairman Muñoz requested additional information with regard to information technology security. Mr. Kitchen stated that the focus is really around the general security environment and controls around access; this is to ensure that both the physical access and the information security access is appropriately controlled. Mr. Heinrich noted that they are still in the process of testing; he provided additional information on the scope of the audit.

**F. Update from Deloitte & Touche on 2008 Audit**

Tracy Guidry, of Deloitte & Touche, presented an update on the 2008 Audit, which has now been completed. She stated that they are prepared to issue final financials next week. She stated the entire audit will be available on Tuesday, December 15<sup>th</sup>.

Ms. Guidry reminded the Committee that back in July, they were given a draft management letter for their review. There is another version of that letter now; it contains the same comments, however, it now includes management's responses.

Chairman Muñoz requested that Ms. Guidry provide a brief summary of material weaknesses. Ms. Guidry stated that there is a repeat finding from the prior year; it relates to timeliness of financial reporting.

**VI. Action Items**

**A. Any items listed under Section V**

**VII. Adjourn**

As the agenda was exhausted, Chairman Muñoz declared that the meeting was adjourned.

Respectfully submitted,  
Audit and Compliance Committee of the  
Board of Directors of the  
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Luis Muñoz, MD, MPH, Chairman

Attest:

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Deborah Santana, Secretary

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ATTACHMENT #1

# Corporate Compliance Report

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**Presented To**

**Cook County Health & Hospitals System  
Audit & Compliance Committee**

**Cathy Bodnar, MS, RN, CHC**

**Chief Compliance Officer**

**December 11, 2009**

# Status Report of 4<sup>th</sup> Quarter 2009 Activity

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- Assess each compliance program element
  - ◆ Status: Completed
- Engage audit & compliance committee
  - ◆ Status: Ongoing
- Charter an internal compliance committee
  - ◆ Status: In process - Anticipated completion date 1Q2010
- Redefine the role of the ad hoc committee
  - ◆ Status: Completed; Requesting approval later this meeting
- Develop FY2010 work plan
  - ◆ Status: In process - Anticipated completion date 1Q2010
- Establish and report compliance metrics
  - Status: To be determined

# Revisiting the Elements of a Compliance Program

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Recall the OIG guidance identified the following,

- ❑ Setting standards through written policies and procedures
  - In process through external resources  
(5% complete)
  
- ❑ Communicating the standards through regular education and training programs
  - In process and ongoing  
(10% complete)



# General Compliance

## Education & Training Activity

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- ❑ Updated new employee orientation module
- ❑ Updated annual employee orientation module
- ❑ Updated CCHHS Standards of Conduct
  - Implemented at John H. Stroger Hospital
  - Pending implementation at Oak Forest Hospital
  - Planned introduction to the leadership at other entities
- ❑ Need for policies to this functionality – in process
- ❑ Evaluated external vendor capability for e-learning
- ❑ Engaged Ad Hoc Work Group to assist with assessment
- ❑ Identified need for an open market request for e-learning
  - Goal to complete within January 2010
- ❑ On track for e-learning implementation
  - Roll out planned for week of May 3, 2010

# Initiation of Employee Attestation

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<h2>Annual Employee Certification</h2> <hr/>	
<h3>Corporate Compliance &amp; HIPAA Training</h3>	
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Name	Date
<p>by placing your name and date on the line above, you certify and confirm that you have reviewed the material and completed the training and that you will comply with the CCHHS Standards of Conduct.</p>	

# Specialty Compliance Education & Training Activity

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- ❑ Senior Leadership
  - Orientation to the OIG's compliance program elements during a September leadership meeting
- ❑ Audit & Compliance Committee Education
  - Orientation to the OIG's compliance program elements at the October Audit & Compliance Committee meeting
  - HCCA article "The Board of Director's Role in Overseeing Compliance Effectiveness" distribution in October
  - OIG & AHA's "Corporate Responsibility and Corporate Compliance: Resource for Health Care Boards of Directors" distribution in October
  - Sponsored a webinar "Board of Director's Oversight of Compliance Program Effectiveness" in October
  - HCCA article "Roles and Responsibilities – Corporate Compliance and Internal Audit"

# Activity on Additional Elements

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- ❑ Providing a mechanism for reporting potential violations
  - Vendor contract in review for telephonic and web hotline
  - Policies to support this functionality – in process (50% complete)
  - Develop a strategy to communicate the updated mechanisms (0% complete)
- ❑ Responding to and investigating the concerns raised
  - Ongoing
  - Developing Vendor contract in review for tracking tools
  - Policies to support this functionality – in process (10% complete)
- ❑ Maintaining an organizational structure to sustain and enhance the program
  - Ongoing

# The Outstanding Elements

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- ❑ Enforcing standards and disciplining actions that are non-compliant
  - To Be Determined
- ❑ Utilizing monitoring and auditing activities to decrease problems
  - To Be Determined

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ATTACHMENT #2

# Building An Internal Audit Function

**Presentation To**  
Cook County Health and Hospitals System  
Audit and Compliance Committee

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**Tom Schroeder**  
Director of Internal Audit  
December 11, 2009



# Building an Internal Audit Function

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There are 10 steps to building an internal audit function <sup>(1)</sup>

1. Establish stakeholder expectations
2. Develop Internal Audit mission statement
3. Develop Internal Audit strategic plan
4. Assess risk and develop internal audit plan
5. Establish Internal Audit budgets
6. Assess Internal Audit skill requirements
7. Develop Internal Audit infrastructure
8. Execute Internal Audit work
9. Establish communication protocols
10. Measure results

<sup>(1)</sup> Building a Strategic Internal Audit Function, 2005 PricewaterhouseCoopers.





# 1) Establish stakeholder expectations

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## Inputs:

- ❑ Audit Committee
- ❑ Senior leaders
- ❑ Senior operating management

## Outputs:

- ❑ Articulated expectations
- ❑ Stakeholder buy-in

## 2) Develop Internal Audit Mission/Vision Statement

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### Inputs:

- ❑ Audit Committee
- ❑ Senior leaders
- ❑ Senior operating management

### Outputs:

- ❑ Mission/Vision statement
- ❑ Audit/Compliance Committee Charter
- ❑ Internal Audit Charter



### 3) Develop Internal Audit Strategic Plan

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#### Inputs:

- ❑ Audit Committee
- ❑ Senior leaders
- ❑ Senior operating management
- ❑ Benchmarks/assumptions
- ❑ Entity strategic plan

#### Outputs:

- ❑ Internal Audit value drivers/linkage to entity strategic plan
- ❑ Internal Audit resource requirements
- ❑ Implementation timeline
- ❑ Communication of Internal Audit strategic plan



## 4) Assess Risk and Develop Internal Audit Plan

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### Inputs:

- ❑ Business processes
- ❑ Business objectives
- ❑ Definition of audit universe
- ❑ Stakeholder dialog

### Outputs:

- ❑ Risk assessment
- ❑ Audit plan

## 5) Establish Internal Audit Budgets

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### Inputs:

- ❑ Stakeholder expectations
- ❑ Internal Audit mission statement
- ❑ Internal Audit strategic plan
- ❑ Risk assessment and internal audit plan

### Outputs:

- ❑ 3 year resource plan

## 6) Assess Internal Audit Skill Set Requirements

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### Inputs:

- ❑ Stakeholder expectations
- ❑ Internal Audit mission statement
- ❑ Internal Audit strategic plan
- ❑ Risk assessment and internal audit plan

### Outputs:

- ❑ Assessment of required resources, skills, competencies – current and future
- ❑ Job descriptions

### Preliminary Assessment of Team Needs:

- ❑ Director of Internal Audit
- ❑ Information Technology auditor (1)
- ❑ Financial Auditor – (1 or 2)
- ❑ Operational/Compliance auditor (1 or 2)
- ❑ Five total staff including Director



## 7) Develop Internal Audit Infrastructure

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### Inputs:

- ❑ Stakeholder expectations
- ❑ Internal Audit Mission Statement
- ❑ Internal Audit plan

### Outputs:

- ❑ Enabling technology (electronic work paper solution -RSMI Auditor Assistant; online resources – KnowledgeLeader.com )
- ❑ Internal Audit methodologies
- ❑ Internal Audit policies and procedures
- ❑ Professional associations (e.g. Institute of Internal Auditors, ISACA, Association of Healthcare Internal Auditors)
- ❑ Benchmarking



## 8) Execute Internal Audit Work

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### Inputs:

- ❑ RSMI resources
- ❑ Incremental additions of CCHHS in-house internal audit resources

### Outputs:

- ❑ Internal Audit reports
- ❑ Issues
- ❑ Solutions
- ❑ Follow up on issue resolution





## 9) Establish Communication Protocols

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### Inputs:

- ❑ Stakeholder expectations
- ❑ Internal Audit Mission Statement

### Outputs:

- ❑ Report timing, format, content
- ❑ Report distribution – senior management, line management; others?
- ❑ Progress reporting – audit status and outstanding issues
- ❑ Audit Committee reporting
- ❑ Formal vs. informal communications



## 10) Measure Results

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### Inputs:

- ❑ Stakeholder expectations
- ❑ Internal Audit value drivers

### Outputs:

- ❑ Metrics (qualitative and quantitative)
- ❑ Balanced scorecard

# Timeline

	Dec	Jan	Feb	Mar	Apr	May	Jun
Stakeholder Expectations		X					
IA Mission/Vision		X					
Audit Committee Charter		X					
Internal Audit Charter			X				
Electronic Work Papers	X						
Reporting		X	X	X	X	X	→
Internal Audit Strategic Plan			X				
Internal Audit Resource Plan			X				
Online Resources			X				
Professional Associations			X				
Internal Audit Methodology				X			
Internal Audit Policies and Procedures				X			
Refresh Risk Assessment				X			
Internal Audit Metrics and Scorecard							X



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ATTACHMENT #3



Date: December 11, 2009

To: Chairman Luis Muñoz, MD, MPH  
Director Benn Greenspan, PhD, MPH, FACHE  
Heather O'Donnell, JD, LLM

From: Carolyn Lopez, MD  
Coordinator, Ad Hoc Work Group on Corporate Compliance

Cathy Bodnar, MS, RN, CHC  
Chief Compliance Officer, CCHHS

Subject: Proposal to Modify the Charge to Ad Hoc Work Group

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### **Background**

At the November 17, 2008 Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System, discussion of the creation of an Ad Hoc Work Group on Corporate Compliance occurred. Once created, this group, coordinated by Dr. Carolyn Lopez and composed of Chicago area professionals that are either compliance program stakeholders or experts in corporate compliance, was charged with assisting, as needed, in the efforts to bring a Corporate Compliance Officer on board and developing the CCHHS compliance program structure and, once developed, create an implementation plan. The group, through the coordinator, would report to the Committee the work plan and progress of the work plan tasks.

### **Original Charge**

In January 2009, the charge of the Ad Hoc Work Group was formalized. Details follow,

- To develop a corporate compliance plan for the Cook County Health and Hospitals System (CCHHS) that is current, comprehensive, relevant, and containing all the essential elements of a strong and effective plan.
- To create an implementation plan that will include
  - A plan for initial and follow-up training for all affected employees
  - A plan for monitoring and ensuring that all affected employees complete initial and follow-up training in a timely manner

The Work Group shall function in partnership with CCHHS leaders and staff in completing its charge.

### **Proposal**

In September 2009, CCHHS hired Cathy Bodnar as the Chief Compliance Officer. In light of this action, the Ad Hoc Work Group on Corporate Compliance and the Chief

Compliance Officer request the Audit and Compliance Committee thoughtfully consider the following proposal to modify the original charge.

The Ad Hoc Work Group on Corporate Compliance is charged with providing direction to the system compliance program. Responsibilities include providing oversight on unrestricted compliance program activities; this includes, but is not limited to, guidance on the mission and vision of the compliance program, the CCHHS code of ethics/standard of conduct, compliance communications, and education and training for the community in general along with Cook County Health & Hospitals System (CCHHS) personnel<sup>1</sup>.

<sup>1</sup> CCHHS personnel is defined as including officers, directors, members of committees with Board-delegated authority, employees, and members of the CCHHS medical staff or house staff, researchers, students and agency personnel. This would also apply to independent contractors, consultants and other business partners (vendors) who are not employees but are working at CCHHS.

cc: William T. Foley, CEO, CCHHS

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ATTACHMENT #4

## Memo

To: Dr. Luis Munoz, Audit and Compliance Committee Chairman  
Cook County Health & Hospitals System

From: RSM McGladrey Inc.

Date: December 11, 2009

Subject: Internal Audit projects status update

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1. Reporting Period Covered  
August 1, 2009, through December 31, 2009
  
2. RSM McGladrey Inc.'s Team
  - Pat Kitchen, Managing Director
  - Hussain Hasan, Managing Director
  - Scott Esgar, Director
  - Tim Heinrich, Director
  - Christina Ng-Tran, Manager
  - Lowell Smith, Manager



## 3. Core Audit Milestone Status

Color Code		Delayed due to client request	On Track for completion	Project is completed					
Internal Audit Project	Started	Estimated Percent Complete	Estimated Fieldwork Date	Report Completion Estimate	Reason for Delay	Comments			
Payroll	Yes	5%	March / Apr 2010	May 2010	CCHHS' new HR Director				
Grants including Hekben	Yes	15%	Jan / Feb 2010	March 2010	Obtaining access to Hekben				
Contract Management	Yes	10%	January 2010	February 2010					
IT - Security	Yes	65%	Nov / Dec 2009	January 2010					
Procurement	Yes	2%	February 2010	April 2010					
Third Party Settlement	No	0%	2010						
Revenue	No	0%	2010						
IT - System Integration	No	0%	2010						
Corporate Compliance	No	0%	2010						
Financial Statements	No	0%	2010						

## 4. Other Activities and Projects

- Auditor Assistant training – December 15
- Update of MedAssets revenue cycle contract payment review
- ESI outpatient pharmacy contract reconciliation review